App. F. IX-4

*Previous References*

1939.
(C.S.)

File No. 19-39
Serial Nos. 16, 22, 254
334 35, 36

PRESERVED

*Later References.* P=66

# GENERAL AND REVENUE SECRETARIAT.

*Serial Nos.* Twelve + One.

**Part B for** NOV 40

**SUBJECT.**

Modification or additions to the Rules under the Alyson Cooperative Societies Act.

(35) To The Compiler, O.G.
NO-A 7676 dy 23-9-40.

WD 0578—GPB—22,500—12-9-39

Issues a modification amending Rule 21 of the Rules under the Alyson C. Soc. in respect of the removal officers of Cooperative Societies

12-12-40

GENERAL AND REVENUE SECRETARIAT.

( 65 ) 3797

NOTES.

File No. 19-39

FILE HEADING.

Modifications or additions to the rules under the Mysore Cooperative Societies Act

FROM The Registrar of Cooperative Societies in Mysore

No. 10851 Dated 19-3-40 Received 21/25-3-40

Diary No. 379 | Enclos | Spare copies | Serial No. 16

BRIEF ABSTRACT OF LETTER

Requests in the circumstances mentioned above the amendment of Rule 21 of the Rules under the Mysore Cooperative Societies Act to enable him to owe the remuneration of their honorary assistants etc if they act in a

NOTES AND ORDERS.

manner contrary to the best interests of the Society

1). A Statement containing the rule as it is and as proposed is placed below for perusal. The term 'Office' is defined in the Act as including a Chairman, Secretary, Treasurer, member of the Committee or other person empowered under the rules or the by-laws to give 'directions' in regard to the 'business' of a Society

The Registrar suggests that the question was discussed and

NOTES—First Sheet

5797

6/s File No. 19 of 193 9 | General and Revenue Secretariat

the Hons Member of Council. It is for consideration whether the definition of the term 'officer' may not be introduced as an explanation to the rule in order to avoid any misconception that may arise in the two acts. Subs for orders

28/3/40 2) The proposed amendment may be added to the existing Rule 21. This would give the Registrar powers to control the staff. The existing rule would enable the Registrar to take action against the other managing Committee members

Genl Secy 1/4/

The amendment also covers this.

GENERAL OFFICE APR. 1940 6072

3) The amendment to Rule 21 may be withheld for general information & suggestions

2nd Member) 1/4/40

4) T.C. 11.4.40 11/4 11/4 2/4

GENERAL OFFICE SECOND MEMBER 2 APR. 1940 No. 8561

5) Draft notification is subs for above

12/4/40 6) For approval

Genl Secy 12/4/40

13/4/40

GENERAL SECRETARIAT 13 APR. 1940 6389

Issue 15/4

General and Revenue Secretariat | File No. 5 of 1940 | [App. F. III-2

Serial No. 22.

AF. 5699 dt. 19.4.40. to The Compiler. N
Notifies for general information & suggestion
the draft amendment to Rule 21 of the Rules
the Societies Act in respect of the removal of the
members of the Committee of manage t of
Co-operative Societies.

AF 5700 dt 19-4-40 copy to the Registrar of C

Letter No 1241/39-40 dated 24-5-40 from the
Dy. Coop. Institute forwarding the results
of the Institute that the rule is not in the
interest of the Coop movement in the State
Submitted for perusal. The receipt of other objection
if any, will be awaited
to
28/5/40

9) Yes, not in the present
29/5
Letter No 4445/F.37 dated 28/5/40 from the
Secretary, the Graduates Co-operative
Society Ltd. Suggesting an amendment to the
proposed rule.

10) Submitted for perusal. The consideration of objec
will be taken up after 1-7-40.
to
11/6/40
10/6/40

Letter No 8865 dated 3/6/40 from the Regis
Nagpur Co-operative being forwarding the results
of the Committee on the amendment of Rule 21
the Rules

Submitted for perusal. A meeting was held on 7th inst
dated 3/6/40 to the Registrar by the Co-operative
it also passed
to
10/6

NOTE—Contn. Sheet.

GEN. & REV. SECTT. 27 MAY 1940 FOREST BRANCH.

GEN. & REV. SECTT. 29 MAY 1940 FOREST BRANCH.

GEN. & REV. SECTT. 4 JUNE 1940 FOREST BRANCH.

GEN. & REV. SECTT. 10 JUN 1940

4

4918 J5092 J5141 J5142 J5143 J5144 J5145 J5178

61 File No. 19 of 1939. | General and Revenue Secretariat.

Serial No.

Letter dated - June 1946 from the Hony Secretary. The Mahaswaran Co-op Bank Ltd. Objecting the proposed amendment and requesting that the same may be dropped

Letter No 2740 dated 20-6-46 from the Secretary, the Bangalore City Co-operative Society objecting the amendment proposed

Letter No 536 dated 22/6/46 from the Hony. Secretary The Co-operative Stores Union Ltd. Mysore forwarding a note explaining why the amendment is objected and stating that the Union is opposed to the proposed amendment

Letter No 6476 dated 24/6/46 from the Hony. Secretary of the Bangalore Central Co-op Bank Ltd objecting the amendment

Letter No 3035 dated 24/6/46 from the Hony. Secretary. The Bangalore City Co-operative Housing Society Ltd. objecting the amendment to the rules and suggesting an amendment to the proposed rule if Govt feel it absolutely necessary to frame the rules

Letter No 1958 dated 24/6/46 from the Secretary The Grain Merchants' Co-operative Bank Ltd. Objecting the framing of the rules.

[2] A statement containing the views of the several Co-operative institutions is placed below for perusal. It is seen therefrom that these institutions are opposed to frame the proposed amendment The arguments put forward by the institutions are summarised below:-

(a) The rule endows the Registrar with full powers on the paid employees of societies, over the heads of elected officers, and thus clashes with the duties and responsibilities of such elected Board. It is a direct negation of the powers of the General body and

Serial No.

the Board in the internal management and is a serious inroad to the autonomy of cooperative societies. It brings about unnecessary friction between the Department and the Board.

(b) The authority to appointing an officer has no absolute power of removal because the power of removal is vested in the Registrar also. The person removed by the Board cannot be reinstated by the Registrar. The officer appointed will have to look to him for matters of his appointment and pay and the other for tenure. The authority having voice in the appointment has no voice in removal. This encourages the employee to play upon the differences between the Department and the Board and create disagreement and friction in the working of the society. While the society is responsible for the pay of the employee the tenure is looked for to the Registrar, which does more harm than good.

(c) The amendment is silent about the scope of removal, whether from the committee, or from membership of society or from the office he then holds or from any office in the society or from all of them?

(d) Section 43 A does not provide for disputes regarding disciplinary action taken by the society or its committee against a paid servant of

NOTE—Contn. Sheet.

6

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Serial No.

the Society. The person to dealt with by the Registrar cannot appeal to the general body because there is no appeal either to the general body ~~against the action of the Registrar~~ or to Govt against the action of the Registrar in such cases. What has been purposely avoided by the legislature the present amendment encourages indirectly. If the power is to be given to the Registrar it has to be inferred that the rule is intended to apply to cases where the actions of the office bearers do not amount to an offence punishable under the law and the removal of such office bearer from the Society is a very serious step.

(c) When the administration of the Society has already suffered considerably in some cases with a divided Committee in opposite camps the addition of a third authority with powers of control over the internal administration makes the situation worse

(d) When even the existing provisions of the Act and the rules conferring very large powers on the Registrar have made earnest, selfless and competent Cooperators withdraw from Committees or avoid seats on them thus limiting the choice of such men, the proposed addition will limit the choice further still. ~~and~~ It ~~It~~ curbs the enthusiasm and initiative of both the management and the staff as it introduces a system of dyarchy.

Serial No.

(9) This rule is against the declared policy of Govt of non-interference with the internal administration of societies. Despite of protests against the existing interference of the Dept the proposed rule seeks to empower the Registrar to interfere further. The proposed rule makes the Registrar a virtual dictator of the movement which is a democratic institution and does not stimulate educated classes to respond adequately to the development of Cooperation.

13) The Bangalore City Cooperative Housing Society while opposing the framing of the amendment, suggests a modification to the proposal by adding a proviso that the Registrar shall give such officer a full opportunity to explain his conduct (b) the objections to the continuance of ~~the~~ such officer shall be recorded in full and communicated to the Society and the officer concerned and (c) an appeal shall lie to Government within one month from the date of receipt of such order of the Registrar by the Society or the officer concerned.

14) The most important amongst the objections raised seem to be 1) the inducement encouragement to the employees of a society to play upon the differences between the Department and the Board and create disagreement and friction in the working of the Society 2) the undefined nature of the scope of removal as

NOTE—Contn. Sheet.

8

5775

CS

File No. of 194 | General and Revenue Secretariat.

Serial No.

pointed out in (c) above 3) the framing of the rule empowering the Registrar to remove a paid employee of the society in contravention to the provision in the Act excluding disputes in respect of a paid servant of society re the disciplinary action taken against him. How far the legal objections raised can be considered as valid and whether it is possible to answer the objections by suitable amendment of the rule by taking into consideration the suggestions made by the B'lore city boop. Housing society may perhaps be examined in the Law. Secretariat. Subd pr orders

10/7/46 11/7

(15) For the reasons given by the Registrar & the proposed substitution of Rule 24 appears to be necessary for the efficient working of Cooperative Societies. Various objections have come from leading Cooperative Institutions opposing the proposal. The Bangalore City Honse-building Co suggests some modification to the proposed substitution chiefly right of appeal against the order of the Registrar. In view of the fact that cooperative institutions are mainly democratic in nature and ~~restrict~~ interference is likely to do harm, (Others pro ignora,) I the amendment proposed may perhaps be considered. If approved the

General and Revenue Secretariat | File No. of 194 | [App. F. III-2

Serial No.

GENERAL SECRETARIAT
16 JULY 1940
457

Office of the Registrar of Co-operative Societies
18 JULY 1940
No. 421

Laced Leave may also be considered in the objections and the modifications suggested)

R —
15/7/40

16) Please obtain the views of the Registrar on the several objections raised & on the suggestions made.

R
16/7

R
16/7

2nd Memo No 22/G/1940-41 dt 17-7-1940

17) Forwarded with Compliments unofficially to the Registrar of Cooperative Societies in reference to remarks.

By order
R Narasimhachary
17.7.40
for General Secretary to Govt

R
30-8.40

230868 Encl 1 bil

**********

Returned with compliments.

18) In many of the big urban Banks and Societies, powers to sanction loans in certain cases, to receive deposits, to permit refunds etc., are delegated by the Committees of Management to the paid employees such as (i) Manager, (ii) Accountant (iii) Assistant Secretary etc., and only such employees come within the definition of the term "Officer" as they are empowered under the Rules and Bye-laws to give directions in regard to the business of the societies. It is only these employees of societies that are proposed to be brought under the disciplinary control of the Registrar and not the other employees, who exercise no powers under the byelaws and are not empowered to

NOTE—Contn. Sheet.

P.T.O.

to give directions in regard to the business of the societies.

19 2. It is a matter of common knowledge that, in the big urban societies and banks situated mostly in the Cities of Bangalore and Mysore and in the District Head-quarters places, the paid employees carry on the routine day to day business of the societies and the mismanagement noticed in some of them is mainly due to such employees and not the committees of management or any of the members thereof. These employees wield naturally considerable influence not only on the committees but also on the general bodies and thus in spite of the irregualrities and mismanagement, manage to continue in office for unduly long periods to the detriment of the institutions concerned. The words of advice given by the officers of the Department and the Auditors fall on deaf ears and neither the committees nor the general bodies realise the gravity of the situation until a very late hour. At present the Registrar is empowered to remove a member of the committee from the Committee(Rule 21) and to supersede a Committee (Section 38-A of the Act). But on the ground of the irregularities committed by a paid employee of the Bank, it is not fair nor reasonable that the Directors or a majority of them should be removed under Rule 21 or the entire Committee superseded under Section 38-A. In fact supersession of the Committee of a society is an extreme step for setting matters right and has to be resorted to only in very rare cases. Hence neither supersession nor liquidation (which are of a penal character against a society) are effective remedies. It is therefore necessary that

General and Revenue Secretariat | File No. of 194 . [App. F. III-2

Serial No.



that the hands of the Registrar should be strengthened to enable him to exercise adequate disciplinary control over this class of the paid employees of the societies, which in other respects are to be continued, being - capable of rectification and improvement.

2) 3. An instance of how even a change in the Directorate does not help to remove an undesirable paid Secretary of an institution was afforded by the Bangalore Central Co-operative Bank. The incumbent was proved - thoroughly useless and the Board was requested more than once to replace him. But the Board never paid any heed to the Departmental instructions. Even the new Board elected by the general Body, after the issue of a notice under Section 38-A and in a general meeting convened by the undersigned under Rule 19, did not give effect to it till after a long time.

4) 4. There is no objection to the proposal for providing for an appeal to Government.

22) 5. The statement made by the Mysore Co-operative Society that at each Co-operative Conference, there has been agitation that the existing Rule 21 itself should be rescinded is not correct. There has been no resolution for rescinding this Rule, which was framed in July 1920 (vide Notification No.326/E.C.66-18-13 dated 9th July 1920).

Registrar.

L.S.29/8.

23) The Registrar is of opinion that the rule as now published may be adopted with a provision for an appeal to Govt. The Bangalore City Urban Bank

GENERAL SECRETARY. 31 AUG. 1940

GEN. & REV.-SECTT. -2 SEP. 1940 CONFDL. BRANCH.

NOTE—Comm. Sheet.

12 5178

File No. 5 of 1939 | General and Revenue Secretariat.

Serial No. M

have added a provision which has been incorporated in the proposed rule and placed below for reference. There has however been strong protest from the public to the modification of the existing rule.

(vi) It is submitted that under the existing provisions of the Act, the Registrar has power to audit under section 17, enquiry under section 35 and surcharge under section 42A. The two latter sections lay down that the Registrar may of his own motion hold an enquiry into the constitution working and financial condition of the Society and where in the course of such enquiry it appears that any person who has taken part in the organisation or management of the Society or any past or present officer has been guilty of breach of trust in relation to the Society, the Registrar may of his own motion examine the conduct of such person or officer and make an order requiring him to contribute such sum to the assets of the Society by way of compensation in respect of such breach of trust as the circumstances justify. It is for consideration whether the above powers of the Registrar are not sufficient to meet the requirements of the situation ~~[illegible]~~

Submitted for orders

6/9/39

6/9/39

(vii) The proposed substi-

Serial No.

herein to Rule 21 may perhaps be approved with provision for one appeal to Govt against the order of the Regr & the Regr as agreed to by the Regr & the circumstances quoted and the arguments advanced by that after the substitution seems to be necessary.

Secy) 13/9

GENERAL SECRET. 13 SEP. 1940 1664

2) The substitution of Rule 21 may be approved, subject to the addition of proviso suggested by the Bangalore City Housing Society. The rule with these additions will be as indicated at M.

2 Member) 27/ 14.9.40 13/9 13/9

14/9 14/9

28/ For Notification is laid for above

17/9 17/9 Secy) 18/9

29) Some as slightly revised. I have drawn instructions of the Member to omit the word society in the last proviso.

18/9

30) Done 18/9

OFFICE OF THE SECOND MEMBER OF COUNCIL. 1 SEPT. 1940 No. 2550

TYPING SECTION 18 SEP 1940 GENERAL SECRETARY

18 SEP. 1940 1768

NOTE—Contn. Sheet.

14

5172

File No. of 194

General and Revenue Secretariat.

Serial No. 38

A7. 1676 dt 23.9.40 To The Compiler, M.G.

Issue a Notification amending Rule 21 of the Rules under the Mysore C.S. Act in respect of the Removal of officers of Cooperative Societies.

The Compiler, M.G. to publish the Notification in the Gazette in English & Kannada & to supply 250 copies to the Regr of C.S & 100 copies to the Govt.

A.7. 1677 dt 23.9.40 To The Regr of C.S.

Copy of the above for information

Secretariat

GEN. SECTT.
4 OCT. 1940
AGRI. & FOREST BRANCH.

13

GEN. SECTT.
13 NOV. 1940
FOREST BRANCH.

CS 19-39-16

15

No. 10851 C. S.

**GOVERNMENT OF MYSORE**

**DEPARTMENT OF CO-OPERATION**

OFFICE OF THE REGISTRAR OF CO-OPERATIVE SOCIETIES IN MYSORE,

*Telegraphic Address*
**"CO-OPERT"**
**Bangalore.**

*Dated Bangalore, 19th March 1935 40*

GEN. & REV. SECTT. 21 MAR. 1940 BANGALORE

FROM

M. ABDUL HUKH, ESQ., B.A.,
*Registrar of Co-operative Societies in Mysore*

To

*J. Appaji Gowda, Esq., P.A.(Hons.),*
*General Secretary to the Government of Mysore,*
*Bangalore.*

GENERAL SECRETARY 21 MAR. 1940

*Sir,*

*Subject: Amendment of Rule 21 of the Mysore Co-operative Societies' Rules.*

---

*I have the honour to state that under Rule 21 of the Mysore Co-operative Societies' Rules, the Registrar may order the removal of any member from the Managing Committee of a Co-operative Society if he is satisfied that such member has acted in any manner contrary to the best interests of the society. It is a matter of common knowledge that the management and day-to-day working of some of the major Banks and Societies is in the hands of paid employees who, though primarily responsible for their mis-management, cannot be removed by the Registrar and the committee members do not propose or find it difficult, to take action for their removal on account of various influences and interests. In such cases, the real interests of the societies concerned will be better served by the removal from office of the paid employees - Secretaries, Assistant Secretaries, etc. than by the removal of the members of the committee. I therefore propose that the said Rule may be amended as follows:-*

*"It shall be open to the Registrar to order the removal of any Officer of a Co-operative Society, if he is satisfied that such Officer has acted in any manner contrary to the best interests of the Society".*

The term "Officer" has been defined in Sub-Section (e) of Section 2 of the Mysore Co-operative Societies' Act and includes a person empowered under the Rules or the byelaws to give directions in regard to the business of the society and therefore such of the paid employees of a society as are empowered to give directions in regard to its business - viz., paid Secretaries, Assistant Secretaries, etc. are covered under this term. I therefore request that my proposal for amendment of the Rule may kindly be approved. I have discussed this question with the Second Member of Council recently.

I have the honour to be,
Sir,
Your most obedient servant,

Registrar

KM

Appendix F G—1]

SUBJECT.....

Section 65

File No. 19-39

Serial No. 22.

No. A 75699

Diary No. of letter replied to.....

General and Revenue Secretariat

( )

the 193 .

Date of issue 19-4-40

Signed by

Notification

In exercise of the powers vested in them under section 46(2)(g) of the Mysore Cooperative Societies Act VII of 1918 as amended from time to time, the Govt of H.H the Maharaja of Mysore are pleased to publish for general information the following amendment to Rule 21 of the Rules under the Act in regard to the removal of the members of the Committee of management of Cooperative Societies.

Any objection or suggestion to the proposed amendment may be sent in writing to the General Secretary to Government within two months from the date of the publication of this notification in the Mysore

List of enclosures.....

Copied by 15/4/40

Examined by.....

17

Gazette after which the draft will be taken up for consideration

Any suggestion or objection received after the due date will not receive consideration

" Substitute the following for Rule 21 of the Rules :-

It shall be open to the Registrar to order the removal of any officer of a Cooperative Society, if he is satisfied that such officer has acted in any manner contrary to the best interests of the Society "

B. O

13/4

Secretary

13/4

To The Bombay Government Gazette for publication in Part IV of the Gazette in English and Marathi with the request that 50 copies of each of the Rules may be sent to the Registrar Co-op. and 25 copies each to this office

Memo No. A 7 & 7 dated 31/7-4-40

Copy of the above is forwarded with compliments to the Registrar Co-op. Societies for information, with reference to his letter No 1085/ dated 19-3-40

B. O /

13/4

for Secretary

[illegible]

GOVERNMENT OF HIS HIGHNESS THE MAHARAJA OF MYSORE.

8

No. L 75699
L 819-39-22

General and Revenue Secretariat,

Dated Bangalore ... 19 April 1940xxx

NOTIFICATION.

In exercise of the powers vested in them under Section 44(2) (q) of the Mysore Co-operative Societies Act VII of 1918 as amended from time to time, the Government of His Highness the Maharaja of Mysore are pleased to publish for general information the following draft amendment to Rule 21 of the Rules under the Act in respect of the removal of the members of the Committee of management of Cooperative Societies.

Any objection or suggestion to the proposed amendment may be sent in writing to the General Secretary to Government within two months from the date of the publication of this notification in the Mysore Gazette after which the draft will be taken up for consideration.

Any suggestion or objection received after the due date will no receive consideration

" Substitute the following for Rule 21 of the Rules:-

It shall be open to the Registrar to order the removal of any officer of a Co-operative Society, if he is satisfied that such officer has acted in any manner contrary to the best interests of th Society".

By Order,

Hanumaiah Rao

for General Secretary to Government.

To

The Compiler, Mysore Gazette, for publication in Part IV of the Gazette in English and Kannada with the request that 50 copies of each of the notifications may be sent to the Registrar of Cooperative Societies and 25 copies each to this office.

18/4/40

## NOTIFICATION.

*No. A. F. 5699—C. S. 19-39-22, dated Bangalore, the 19th April 1940.*

In exercise of the powers vested in them under Section 44 (2) (*g*) of the Mysore Co-operative Societies Act VII of 1918, as amended from time to time, the Government of His Highness the Maharaja of Mysore are pleased to publish for general information the following draft amendment to Rule 21 of the Rules under the Act in respect of the removal of the members of the Committee of management of Co-operative Societies.

Any objection or suggestion to the proposed amendment may be sent in writing to the General Secretary to Government within two months from the date of the publication of this notification in the *Mysore Gazette* after which the draft will be taken up for consideration.

Any suggestion or objection received after the due date will not receive consideration.

"Substitute the following for Rule 21 of the Rules :—

It shall be open to the Registrar to order the removal of any officer of a Co-operative Society, if he is satisfied that such officer has acted in any manner contrary to the best interests of the Society."

By Order,

J. APPAJI GOWDA,

*Secretary to Government,*

*General Department.*

Printed by the Superintendent at the Governenmt Press, Bangalore.

CS 19-39-25

# The Mysore Co-operative Institute

NO. 1 HARDINGE ROAD, CHAMARAJPET

BANGALORE CITY.

Dated 15th May 1940

To,

The General Secretary
to Government of Mysore,
Bangalore.

GENERAL SECRETARY
25 MAY 1940
CS

Sir,

With reference to the Gazette Notification No. A.F.5699 C.S. 19-39-22 dated 19th April 1940 regarding the amendment to Rule 21 of the Rules under the Mysore Co-operative Societies Act, I have the honour to note in the margin, for your kind perusal, the resolution passed by the Governing Body of the Institute at a meeting held on 29th April 1940.

Resolved that the proposed rule is not desirable in the interests of Co-operative movement in the State.

I have the honour to be,
Sir,
Your most obedient servant,

Honorary Secretary.

CS 19-39-26.

# The Graduates' Co-operative Society, Ltd.,
## Mysore.

All Communications to be addressed to the Hon. Secretary.

ESTD. 1923 GEN. & REV. SECT. AGRI. & FOREST BRANCH.

Ref. No. 445/F.37

Dated 28/5/40.

GENERAL SECRETARIAT 30 MAY 1940

To The General Secretary to the Govt of Mysore Bangalore.

CS

Sir,

I have the honour to enclose herewith a copy of the Resolution passed at a meeting of the members of the Managing Committee of this Society held on the 20th of May 1940.- with reference to your notification No. A.F 5699 - CS. 19-39-22 dated Bangalore the 19th of April 1940, proposing the amendment to Rule 21.

Kindly acknowledge receipt.

I have the honour to be
Sir
Your most obedient Servant
S. [illegible]
Hon: Secretary

Encl to Agenda

THE GRADUATES' CO-OPERATIVE SOCIETY, LTD.,
MYSORE.

22

# The Graduates' Co-operative Society, Limited, Mysore.

XII. Notification No. A.F. 5699 - Cs. 19-39-22, dated Bangalore the 19th of April 1940 proposing the following amendment to Rule 21

"Substitute the following for Rule 21 of the Rules.

It shall be open to the Registrar to order the removal of any officer of a Cooperative Society, if he is satisfied that such officer has acted in any manner contrary to the best interests of the Society

Resolved that a communication be sent to the General Secretary to the Govt. of Mysore that it is not desirable to amend Rule 21 as proposed, as the amendment is opposed to the fundamental principles of Cooperation.

True Copy.

For THE GRADUATES' CO-OPERATIVE SOCIETY, LTD., MYSORE.

S. Secretary.

CS 19-39-27

ESTD. 1906

# THE MYSORE CO-OPERATIVE SOCIETY, Ltd.,

GANDHI SQUARE. MYSORE.

23.

IN REPLY PLEASE QUOTE NO. 8865

GEN. & REV. SECTT. 4 JUNE 1940 AGRI. & FOREST BRANCH.

Dated 3rd June 1940

To

GENERAL SECRETARY. 4 JUNE 1940

The General Secretary
to Government, Local Self Govt. Department,
New Public Offices,
BANGALORE.

Sir,

Re: Publications in the Mysore Gazette dated 25-4-40 & 2-5-40 calling for suggestions or objections to the (1) draft amendment to Rule No.21 of the Rules under the Act in respect of the removal of the members of the Committee of Management of Co-operative societies and (2) draft amendment to Clause 2 of Rule 31 of the Rules relating to the election to the Board of Management of Co-operative Societies.

I have the honour to enclose herewith copies of the objections of the Managing Committee of this Society with regard to the draft amendments referred to above for your kind information.

I have the honor to be,
Sir,
Your most obedient servant,

D. Ramachandra Rao
HONORARY SECRETARY.

NKS.

and the staff since it introduces a system of diarchy.

NKS.

HONORARY SECRETARY.

26

"Tainadu", 3-6-1940

Speeches protesting against the proposed amendment of Rule 31 of the Mysore Co-operative Act were made at a meeting of Co-operative Federal Union held on 3rd June at the Co-operators' home, Mysore.

## ರಾಜಧಾನಿಯ ಪತ್ರ

### ಸಹಕಾರಿಗಳ ಪ್ರತಿಭಟನಾ ಸಭೆ

(ತಾಯಿನಾಡು ಬಾತ್ಮೀದಾರರಿಂದ)

ಮೈಸೂರು ಜೂ ೪

ಸಹಕಾರಸಂಘಗಳ ಆಡಳಿತದಲ್ಲಿ ಯಾವ ಅಧಿಕಾರಿಯನ್ನಾದರೂ, ಸೂಕ್ತವಾದ ಕಾರಣ ತೋರಿಬಂದಲ್ಲಿ, ರಿಜಿಸ್ಟ್ರಾರರು ವಜಾಮಾಡಬಹುದೆಂದು ಸೂಚಿಸಿ ಕೋಆಪರೇಟಿವ್ ರೆಗ್ಯುಲೇಷನ್ನಿನ ೩೧ನೇ ರೂಲನ್ನು ತಿದ್ದುಪಡಿಮಾಡಬೇಕೆಂದು ಸರ್ಕಾರದವರು, ನಮೂದಿಸಿರುವುದನ್ನು ಪರಿಶೀಲಿಸಲು ಮೈಸೂರು ಕೋಆಪರೇಟಿವ್ ಫೆಡರಲ್ ಯೂನಿಯನ್ನಿನಾಶ್ರಯದಲ್ಲಿ ನಿನ್ನೆ ಸಾಯಂಕಾಲ ಸಹಕಾರಿಗಳ ಭವನದಲ್ಲಿ ಒಂದು ಬಹಿರಂಗ ಸಭೆ ನಡೆಯಿತು. ಶ್ರೀ ಪಾಲಹಳ್ಳಿ ಸೀತಾರಾಮಯ್ಯನವರು ಅಧ್ಯಕ್ಷತೆ ವಹಿಸಿದ್ದರು. ಶ್ರೀಯುತರುಗಳಾದ ಎಸ್. ಕೃಷ್ಣಸ್ವಾಮಿರಾವ್, ವೈ. ಶ್ರೀನಿವಾಸಯ್ಯ, ಟಿ.ಎಸ್. ರಾಜಗೋಪಾಲಯ್ಯಂಗಾರ್, ಕೆ.ವಿ. ನಾರಾಯಣ, ಬಿ.ಕೆ ಮಾಧವರಾವ್, ಎಸ್. ಶ್ರೀರಂಗಾಚಾರ್, ರುದ್ರಪ್ಪಮುಂತಾಗಿ ಕೆಲವು ಸಹಕಾರಿಗಳು ಸಭೆಯಲ್ಲಿ ಮಾತನಾಡಿ ತಮ್ಮ ಅಭಿಪ್ರಾಯಗಳನ್ನು ತಿಳಿಸಿದರು. ಸರ್ಕಾರದವರು ಸೂಚಿಸಿರುವ ತಿದ್ದುಪಡಿಯಿಂದ ತೊಂದರೆಯಾಗುತ್ತದೆಂದು ತಿಳಿಸಿ ಆ ನಿರ್ಣಯವನ್ನು ಪ್ರತಿಭಟಿಸಲಾಯಿತು.

Rule 21?

CHIEF SECRETARY * 6 JUN 1940 * GOVT. OF MYSORE.

7.6.40

CS 19-38-28. 26

# THE MALLESWARAM CO-OPERATIVE BANK LIMITED.

No. 4402 A-75092 Malleswaram, P. O.
(Bangalore.)

Dated June 1940..

The Secretary to Government
Of His Highness the Maharaja of Mysore,
General Department,
B a n g a l o r e.

GENERAL SECRETARY. 19 JUNE 1940

GEN. & REV. SECTT. 20 JUNE 1940 AGRL. & FOREST BRANCH.

Sir,

CS.

Notification NO.A.F.5699-C.S.19-39-22 dated Bangalore, the 19th April 1940 regarding ~~the~~ new Rule 21 of the Rules under the Mysore Co-Operative Societies Act published in the Mysore Gazettee dated 25th April 1940.

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We beg to state that the proposed draft amendment was considered at a meeting of the Board of Directors of this Bank.

The Board not being aware of the objects and reasons for the proposed amendment, are of the opinion that the Rule purporting to endow the Registrar with absolute powers over paid employees of Co-Operative Societies in certain cases, over the neads of its elected officers, clearly clasnes with the duties and responsibilities of the elected Board of Directors in the Management of the Societies. The rule does not even provide for a previous consultation in writing with the management of the Institution in regard to the necessity for the exercise of the powers under the draft Rule and on that ground alone, if not on any others, tends to militate against the ideals of Co-Operative management. Further, the Board of Directors of this Bank do not agree that the Committee of Management of any

of any Society, jealous as they will be, of the interest and reputation of the Institution, under their charge, would fail to remove any of its employees who act in any manner contrary to the best interest of the Institution. And even in cases where the management fails to take notice of such acts by their employe the Registrar has already the power under the Mysore Co-Operative Societies Act to supersede such Committees of Management. The Board think that the amendment to the Rule besides investing the Registrar with arbitrary powers over the staff not directly responsible to him, would bring about endless and unnecessary friction between the Department and the managing Committee and would frustrate the very object with which the amendment might have been suggested.

For these reasons they consider that the amendment is neither necessary nor desirable and would respectfully suggest that it be dropped.

We beg to remain,
Sir,
Your most obedient servants,

For the Malleswaram Co-operative Bank Ltd., [illegible]

[signature]

Hon: Secretaries.

SVR.

CS 19-38-29.

# THE CO-OPERATIVE FEDERAL UNION, LTD., MYSORE.

28

(Regd. No. 422 A.R.M Dated 10-1-34)

IN REPLY PLEASE QUOTE
NO. 536 Enc. 1.

MYSORE,
Dated 22nd June 1940.

5742

From

THE HONORARY SECRETARY,
*Co-operative Federal Union Ltd.,*
*MYSORE.*

GENERAL SECRETARIAT
24 JUNE 1940
C.S.

GEN. & R. DEPT.
25 JUNE 1940
AGRI. & FOREST BRANCH.

The General Secretary
to the Government of Mysore,
BANGALORE.

Dear Sir,

With reference to the notification in the Mysore Gazette dated, 15-4-1940, regarding the amendment proposed in the standing rule 21 framed under section 44 of the Co-operative Act, I beg to state that a Public Meeting of co-operators was held under the auspiees of the Mysore Co-operative Federal Union on Monday the 3rd June 1940, in the Co-operators Home, Chamaraja Road, Mysore, when the following resolution was passed opposing the amendment. "Draft rule as proposed to be amended by the Government is unanimously opposed by this house".

I enclose herewith a note to explain why the Co-operators do not agree to the proposed amendment. Kindly acknowledge the receipt of the letter and note and oblige.

I beg to remain,
Sir,
Your most obedient servant,

H. Srinivasaiya

Hon. Secretary.

THE CO-OPERATIVE FEDERAL UNION LIMITED, MYSORE.

A NOTE OF OBJECTION TO AMENDMENT TO RULE 21 PROPOSED TO BE AMENDED IN THE MANNER PUBLISHED IN THE GAZETTE, DATED, 25TH APRIL 1940.

---

Rule 21, as it stands now, empowers the Registrar to remove only such persons as are members of the Managing Committee if they act "in any manner contrary to the best interest of the Society". The proposed amendment empowers the Registrar to remove "Any Officer" of a Co-operative Society under similar circumstances. This is a very radical change of far reaching consequences.

Whereas the rule now in force authorises the Registrar to remove the member of the Managing Committee only from the Managing Committee,

The proposed amendment is silent regarding from where the officer has to be removed. Is it (a) from the Committee or (b) from the membership of the Society or (c) from the office he then holds or (d) from any office in the Society, or is it (e) from all of them?

An officer is defined in the Co-operative Act to be a "Chairman, Secretary, Treasurer, Member of the Committee or other person empowered under the rules or bye-laws to give directions in regard to the business of the Society".

The change of "Member" into "Officer" seems to be intended to extend the power of the Registrar so as to apply to "other person empowered under the rules or bye-laws to give directions in regard to the business of the Society", since the existing rule is sufficient to deal with the rest of them, referred to in the definition.

The word "rule" in the definition of "Officer" can only mean "rule" under section 44 of the "Co-operative Act" and "bye-law" means the bye-laws framed under rule 6 and amended from time to time (Vide definition in the Co-operative Act).

There seems to be no rule under section 44, as far as we are able to see, where "other person" is "empowered" under it "to give directions in regard to the business of the Society". The "other person" can only refer therefore to the officer empowered under the bye-laws of the Society. This interpretation seems to be also natural in the light of standing rule 6. For according to it "every Society shall make bye-laws" as detailed therein; and in para (e) of rule (6) it is said:-

"The mode of the appointment and removal..... of officers (if any) and of the powers and duties..... of the officers" :-

We are therefore now told that an "Officer" appointed under bye-laws may be removed by the Registrar if he is satisfied that such officer has acted in any manner contrary to the best interest of the Society.

Again rule (6) empowers the Managing Committee to remove "an officer" under a bye-law framed under clause (e). Under rule 21, however, the Registrar also will be empowered, if the proposed amendment be passed, to remove the "Officer". It therefore follows that whereas there is only one authority - the Managing Committee - to appoint an officer, there will be two authorities to remove him.-

It is not always that the Registrar and the Managing Committees see eye to eye in all matters. The

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position of the "officer" who has to satisfy two superiors who are opposed to each other will be very unpleasant;. for, the "Officer" who is directly subordinate to the Committee, and owes implicit obedience to them in the interest of discipline of the Society and of its proper administration cannot be allowed to behave otherwise. Hence he cannot but act according to the directions and orders of the Committee, and if in compliance with the wishes of the Committee he acts in a manner which the Registrar considers to be "contrary to the best interest of the Society", the officer standa a chance of losing his job. Thus the rule if enacted leads to conflict of duty of the officer. Nothing is more miserable than serving simultaneously two masters who hold opposite views.

This amendment is against the policy of the Government maintained all along, of not interfering with the internal administration of the Societies; and also of not interfering between the paid staff and the Committee.. Section 43 (A) which refers to decision of disputes says in para (1) that the Registrar shall entertain disputes,

"Other than disputes regarding disciplinary action taken by the Society, or its Committee against a paid servant of the Society".

Thus the Government recognises that it is best not to sit in judgement regarding the merits of a dispute between the Committee and a paid member of the staff. It is a wise policy as all know not to encourage disputes and differences between the Committee and its officers. What the legislature has intentionally avoided, the present amendment will be encouraging indirectly, for whenever the officer of a Society acts in accordance with what the Registrar does not object to, if the Managing Committee should differ in

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that matter from the Registrar's views, there arises friction and discard between the Committee and the Officer. The Officer under such circumstances is exposed to the chance of even removal from his office by the Committee. The Registrar is powerless under such circumstances to re-instate the officer in his post. For section 43 (A)(1) debard him from excersising any such powers.

4)

But it is not our idea at all to prevent the Registrar from seeing that an erring officer is punished. But the proposed manner of doing it seems to be fraught with grave danger to the harmony between the Committee and the Officer.

If the Officer commits anything which is punishable under any law, the Registrar as an auditing, inspecting and supervising authority can get the officer punished. So also if the officer commits anything which is an offence under the Act, the Registrar can take action under section 43 (3). If in addition to the powers given to the Registrar the Government wants to enact a new rule as proposed by it, we have to draw the inference that that rule is intended to apply to cases where the actions of the officer, do not amount to an offence punishable under law. The dismissal of a paid servant from a society under the orders of the Registrar is a very serious step that mars the career of a person for ever. It is a step that practically debars him from earning an honourable livelihood in any other Public or Semi-public office. It is therefore the opinion of the Co-operators of this city that it is not right to invest the Registrar with such undefined, unqualified and supreme power of dismissing the officers who are chosen and employed not by the Registrar but by others - Officers who may have to their credit a period of loyal, long and meritorious

E+ (4)(3) 9

service to the Society.

If there should be at all any Society of which the Managing Committee is so irresponsible as to tolerate the actions of an "Officer" which are contrary to the best interest of the Society, it is the Committee that deserves to be superceded. The Registrar will be materially improving the tone of the Societies if he supercedes the Committees of such Societies and enforces the descipline of the paid officers through the succeeding Committee or sole director whom he can appoint under section 38 (A). Otherwise if the important paid officer of a Society feel that they owe loyalty to two different authorities, the internal descipline and efficiency will, as said before, undoubtedly deteriorate.

It is realised by some members of the Managing Committees of certain Societies, that when the Committee is divided and has opposing sections, each one of the opposing sections espousing the cause of certain members of the paid staff the efficiency of the administrator of such Societies has suffered materially. If we should have a third authority in the person of the Registrar who also possesses powers to control the officers the situation will be very unsatisfactory. When the members of a Society come to know that the Registrar can act over the heads of the Committees, as he likes, the number of members who will be willing to work on the committees under such humiliating circumstances will be small. The various stringent rules, framed recently to apply to the administration of Societies, that invest large powers in the hands of the Registrar, have made many earnest and competent co-operators to withdraw from the Committees or avoid seats on them, in order

CS 19-89-30

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# THE BANGALORE CITY CO-OPERATIVE HOUSING SOCIETY, LTD.,

NO. 1. HARDINGE ROAD, CHAMARAJAPET,

BANGALORE CITY.

5144

GEN. & REV. SECTT. 25 JUNE 1940 AGRL. & FOREST BRANCH

No. 3835 Dated 24th June 1940

From

The Honorary Secretary,
The Bangalore City Co-operative
Housing Society, Ltd., Bangalore.

To

GENERAL SECRETARY 24 JUNE 1940 CS

The General Secretary to the Government of
His Highness the Maharaja of Mysore,
B A N G A L O R E.

Sir,

With reference to Draft Rule 21 under the Mysore Co-operative Societies Act, published in the Mysore Gazette dated 25th April 1940, and proposed to be substituted for the existing Rule, and calling for objections, if any, I have the honour to furnish below, for your kind information, the opinion of the Board of Directors of this Society in the matter.

The supreme authority in all matters relating to the internal administration of a Society is the General Body at a meeting assembled, and a Board of Directors is elected in accordance with the Subsidiary rules and bye-laws of each Society to carry on the routine business of the Society. It is therefore only reasonable that the Board should be -- answerable to the General Body which elected it, in regard to the administration of the Society's affairs. The powers of the Registrar therefore are to be limited to supervision of the working of a Society and investigation of specific complaints received by him. The existing Sections 35 and 36 of the Act make ample provision for this. Since only the Board, subject of course to the General Body, is to give directions in regard to the working of a Society, the object of the substitution proposed by Government is not clear. The use of the word "officer" in the

THE
BANGALORE CITY CO-OPERATIVE HOUSING SOCIETY, LTD.,
NO. 1, HARDINGE ROAD, CHAMARAJAPET,
BANGALORE CITY.

No.....



Dated 24-6-40

the proposed rule may give rise to confusion as to which office-bearers exactly are intended to be covered by the Rule, in accordance with the definition of the term "officer" as given in Section 2 (e) of the Act. By a little stretch of the meaning, even paid officials may be deemed included in the proposed Rule if passed into law. The Board of this Society feel that this Rule would give too wide powers to the Registrar to interfere in the internal administration of the Society endangering the very constitution of Co-operative -- Societies.

As the General Body and the Board are the only bodies really empowered to give directions in regard to the business of a Society, ~~power~~ power of supervision should be vested in the Registrar. We feel that this is amply provided for in the existing Act and Rules. Section 35 of the Act and Rule 29 provide for an enquiry into the working of the Societies under almost all conceivable circumstances, and Section 36 provides for an inspection of the affairs on the application of a creditor whose demands are not met by the Society. Other disputes between the Societies and their members are referred to the Registrar under Sections 43 to 43 C, and Rule 16. Mismanagement by the Board comes under Section 38 A and is punishable by supercession. Specific cases of misappropriation, fraudulent retainer, &c., are punishable under Section 42 A with the removal of a Director from the Committee under the existing Rule 21, surcharge and attachment. Our Board therefore feels that the existing Act and Rules have ample provision for the exercise of the Registrar's powers in consonance with the independence

THE
BANGALORE CITY CO-OPERATIVE HOUSING SOCIETY, LTD.,
NO. 1, HARDINGE ROAD, CHAMARAJAPET,
BANGALORE CITY.

No.....  Dated 24-6-40



independence of the General Body and the Board in regard to the internal administration.

The proposed Rule therefore seems to be absolutely unnecessary and is likely to cause needless uneasiness in the minds of the Honorary Workers in the field of Co-operation. If Government do not, for any reason, see their way to drop the proposed substitution altogether, the Board of this Society wish to press on Government the desirability of adding a further proviso to the proposed Rule that (a) the Registrar shall give such officer a full opportunity to explain his conduct; (b) that his objections to the continuance of such officer shall be recorded in full and communicated to the Society and the officer concerned; and (c) that an appeal shall lie to Government within one month from the date of receipt of such order of the Registrar by the Society or the officer concerned.

Amendment

I have the honour to be,
Sir,
Your most obedient Servant,

J. S. Ramaiya
Honorary Secretary.

CS 9-38-S1 38

PHONE NO. 2304

# The Bangalore Central Co-operative Bank, Ltd.

CENTRAL BANK ROAD
CHAMARAJAPET, BANGALORE CITY

No. 6476.
ENCLS.

Dated 24th. June 1940.

5143

GEN. & REV. SECTT. * 25 JUNE 1940 * FOREST BRANCH.

FROM

The Secretary,
THE BANGALORE CENTRAL CO-OPERATIVE BANK, LTD.
BANGALORE CITY

GENERAL SECRETARIAT 24 JUNE 1940 CS

TO

The Secretary to the Government of His Highness
The Maharaja of Mysore,
General Department,
B A N G A L O R E.

Sir,

In response to your notification No.A.F.5699-C.S. 19-39-22 dated 19-4-1940 published in the Mysore Gazette dated 25-4-1940, calling for objections, if any, to the proposed amendment to Rule 21 of the Rules under the Mysore Co-operative Societies Act, I have the honour to state as follows:-

The term "Officer", proposed to be introduced in the Rule and as defined in the Mysore Co-operative Societies Act includes Chairman, Secretary, Treasurer, Member of Committee or other person empowered under the Rules or the Bye-laws to give directions ~~xx~~ in regard to the business of the society. In Mysore state, there are about 1900 societies and except in very few big urban institutions, where the secretaries are paid and belong to the staff, the secretaries of other institutions happen to be honorary and belong to the Board of Management.

Rule 21 of the Rules under the Act as it now stands gives power to the Registrar to order the removal of any member of the managing committee of a co-operative society if he is satisfied that such member has acted in any manner contrary to the best interests of the society. The Chairman, Secretary (except in the case of paid secretary) and Treasurer of a co-operative society are also members of the committee of management of a society and as such, under the existing rule 21, the Registrar has power to remove them if they are acting contrary to the best interests of the society

By proposing the substitution of the word "officer" for the words "member from the managing committee" in Rule 21, the Registrar will have powers to order the removal of paid officials of an institution also, such as paid secretary, etc.

The paid secretary, of a society is a person appointed by the Board and liable to be removed by the Board. During his tenure of office, he serves as an agent and mouth piece of the Board carrying out their instructions, behests and orders. To carry on the everyday routine work in the Bank, he is given certain powers under the bye-laws and the subsidiary rules. Because he is empowered to give directions in regard to the business of the society, he comes within the purview of the definition "officer" and the Registrar will have powers to order his removal.

Section 43-A(i) of the Mysore Co-operative Societies Act says:- Any dispute--other than a dispute regarding disciplinary action taken by the society or its committee against a paid servant of a society,— etc, shall be referred to the Registrar for decision.

The above section admits by implication that the committee or Board is the only competent authority to punish or remove its paid secretary and that if he feels he was not fairly dealt with, he has an appeal, not to the Registrar but to the General Body. If under the proposed amendment, the Registrar is empowered to remove a paid secretary of the Bank, the dismissed official has no appeal, for he cannot go to the General Body, as it has no appelate powers over the actions of the Registrar and he cannot go to Government in appeal because the Registrar has not passed orders in respect of a dispute referred to him and section 43-A(i) clearly indicates that dispute in respect of disciplinary action ought not to be referred to the Registrar.

It may not be out of place to consider one other situation that may arise by the sanction of this amendment.

In a case where there may be difference of opinion between the Registrar and the Board, the paid secretary has to act in accordance with the instructions and orders of the Board who appointed him. Under the proposed amended rule, the Registrar may order his removal since his action will be against his wishes. It is extremely doubtful whether under such circumstances, the secretary will be strictly loyal to the Directorate and keep their confidence. Complications may then arise in the working of the institution.

The Chandrasekhara Iyer's committee on co-operation has expressed that so far as urban societies are concerned there should be little occasion for interference on the part of the departmental officers beyond the discharge of their ordinary functions of audit and inspection, and any advice required of them will be technical rather than administrative. It has been further stated that in the case of the central institutions and of the well established urban banks, interference should be exceptional. The Government have been pleased to order thereon that the suggestion of the committee in this matter are noted.

As the sanctioning of the proposed amendment will introduce positive interference in the internal administration, deprive the aggrieved party the right of appeal and will place the employers in the precarious position of being able to employ a man but unable to give him their protection even when they are convinced that their employee is faithfully honestly and diligently discharging his duties, it may keep back honest, honorable and selfless workers from participating in the movement which is the people's democratic movement.

For the above among other reasons, I am to request that Government may not be pleased to consider the proposed amendment which will surely work as a great set-back to the co-operative movement in the State.

I have the honour to be,

Sir,

Your most obedient servant,

S. N. Namaiya

SECRETARY in Charge

DKL/

CS 19-39-32

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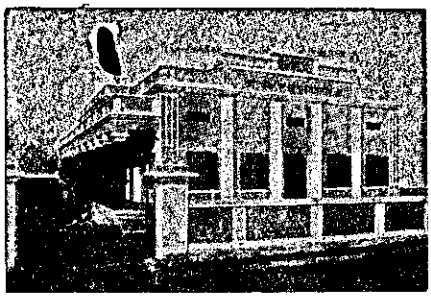

# THE Bangalore City Co-operative Society, Ltd.

(ESTABLISHED 1905)

NEW THARAGUPET, BANGALORE CITY

*Ref. No* 2740 *Dated* 20th June 1940

5141

To

GENERAL SECRETARY. 21 JUNE 1940

The Secretary to Government,
General Department,
Bangalore.

GEN. & RE: 25 JUNE 1940 AGRI. & FOREST BRANCH.

CS

Sir,

With reference to Government Notification No.A.F.5699-C.S. 19-39-22, dated the 19th April 1940, published in Part IV of the Mysore Gazette dated the 25th April 1940, calling for objections and suggestions to certain amendments proposed to be made in Rule 21 of the Rules under the Mysore Co-operative Act in respect of the removal of any officer of a Co-operative Society, I am directed by the Committee of Management to state as follows:-

The proposed rule is a direct negation of the powers of the general body and the Committee of Management of a Co-operative Institution in the matter of its internal management. It would operate not merely as a serious in-road of the autonomy of a Co-operative Institution, but would lead to the officers of Co-operative Institutions looking to two masters in the course of the discharge of their duties, viz., the general body and the Committe of Management on one side and the Registrar on the other side and would encourage the officers of the Societies concerned to play upon any differences between the two and create serious disagreement and endless friction in the working of the Society.

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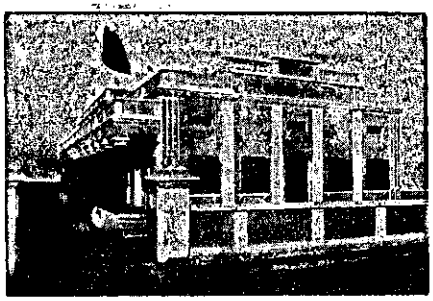


THE

# Bangalore City Co-operative Society, Ltd.

(ESTABLISHED 1905)

NEW THARAGUPET, BANGALORE CITY

*Ref. No* 2740 *Dated* 20th June 1940



After all, the whole idea and the present tendency is to make Co-operative Societies as far as possible self-governing with the least amount of official interference and there appears to be no justification for a very broad rule of this kind, which would practically make the officers of co-operative institutions subordinate to the Registrar.

The present rule also provides absolutely no safeguards by way of appeals etc., against the actions of the Registrar.

The choice of officers to run the co-operative institution is clearly the right as well as the duty of the general-body and the management and it would be clear case of divided responsibility, if they are not given a free hand in this matter and the general-body can always be expected to choose the best men for the purposes.

The rule is not even clear as to whether it applies even to paid officers and one can easily imagine the position of the Society being responsible for the pay, while the officer concerned looks to the Department for the tenure of his job. The Co-operative Societies Act provides already sufficient powers to the Registrar by way of institution, supercession of the Committees, surcharge etc., and this new power seems to be entirely unnecessary and likely to create more harm than good.

I have the honour to be,
S i r,
Your most obedient servant,
M A Narasimhachar
Secretary.

C.S. 19-39-33

42

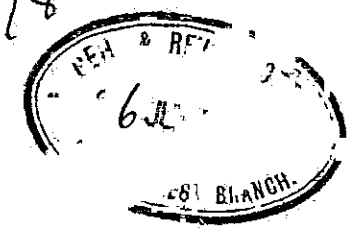
Phone No. 2230

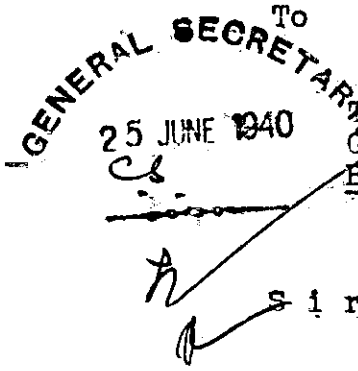
# The Grain Merchants' Co-operative Bank, Limited

No. 1958

Bangalore City, 24th., June, 1940.

5178




The Secretary to Government
General Department,
B A N G A L O R E.

S i r,

In response to the Notification No. A.F.5699 C.S.19-39-22 dated 19-4-40 and published in the Mysore Gazette dated 25-4-40 calling for objection, we have the honour to submit our views regarding the proposed amendment to Rule 21 of the Rules under the Mysore Co-operative Society act.

We beg to remain,
Sir,
Yours most obedient Servants,

Hon. Secretary.

Bangalore City.
Dated 24th June 40.

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To

The Secretary,to Government
General Department.
Bangalore.

Notification No A.F.5699 Cs 19-39-22 dated 19-4-40 published in the Mysore Gazette dated 25-4-1940 calling for objections to the proposed amendment to Rule 21of the Rules under the Mysore Co-operation Societies Act:-

Sir,

Under the present Rule 21 the Registrar of Co-operative Societies has powers to order the removal " of any member from the Managing Committee " of a Co-operative Society if he is satisfied that such member has acted in any manner contrary to the best interests of the Society. The amendment proposes to substitute the word " officer " for the words " any member from the Managing Committee." By the substitution of the word " officer " the Registrar will get powers to remove even a paid Secretary or Manager of a Co-operative Institution. The management of a Co-operative Institution is in the hands of its committee of management and the paid Secretary or Manager is only the agent or mouthpiece of such committee carrying out its instructions and orders in its application to the every day routine - business of the Society. The paid Secretary or Manager by virtue of his guiding the routine work of the Bank will come within the purview of the proposed amendment falling under the category of " officer."

While the paid Secretary or Manager appointed by the Board is in duty bound to carry out the instructions of the Board it will be interference into the internal adminstration of the Society to give the Registrar powers to remove such paid Secretary or Manager without referring to the Board, the appointing authority. The Registrar can easily under the existing rule secure the dismissal of such paid Secretary or Manager, through the Board itself. The Board that appoints a paid Secretary must have powers to

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to protect its employee solong as the Board is convinced that the paid Secretary or Manager is strictly obeying their orders.

The Chandrasekhara Iyer Committee has dealt with this subject in Sect 2 (Chap. IX) of its report. The Committee is of - opinion that the powers of the Registrar as now vested in him are quite sufficient for all practical purposes and do not require to be amplified. Government have been pleased to accept the view of the Committee.

In the above circumstances the proposed amendment is - unnecessary. The passing of the amendment may keep back selfless disinterested, honarary workers from associating themselves with the working of Co-operative Societies and this will be a positive setback to the progress and expansion of the Co-operative movement.

The Board of Directors of the Grain Merchants' Co-operative Bank therefore beg to protect the passing of the proposed amendment and request Government may not be pleased to consider the amendment.

I have the honour to be
Sir,
your most obedient servant

THE GRAIN MERCHANTS' CO-OPERATIVE BANK, LTD.

HON. SECRETARY.

45

Appendix F G—1]

SUBJECT.....

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Section 65

File No. 19-39

Serial No. 35

*Diary No. of letter replied to*.....

No. A7 1676

General and Revenue Secretariat

( )

*the* *19* .

To Notification

Date of issue 23-9-1940

Signed by ... Dy Sec to G.

In exercise of the powers vested in them under Section 44A (2) (g) of the Mysore Cooperative Societies Act VII of 1918 as amended from time to time the Govt of H.H. the Maharaja of Mysore are pleased to amend as follows Rule 21 of the Rules under the Act in respect of the removal of officers of Cooperative Societies.

List of enclosures.....

It shall be open to the Registrar to order the removal of any officer of a Cooperative Society if he is satisfied that such officer has

Copied by .....

Examined by.....

WD 03695—GPB—30,000—29-1-40

acted in any manner Contrary to the best interests of the Society.

Provided that (a) the Registrar shall give such Office a full opportunity to explain his conduct; (b) the objections to the Continuance of such Office shall be recorded in full and Communicated to the Society and the Office concerned; and (c) an appeal shall lie to Government within one month from the date of receipt of such order of the Registrar by the ~~Society~~ Office Concerned."

By order

for Secy

To

The Compiler Mysore Gazette for publication in Part IV of the Gazette in English and Kannada with the request that 250 copies of each of the notification be sent to the Registrar of Co. and 100 copies each to this office

Licence No. Ag 1677 dt 23-9-1980

Copy of the above is forwarded with Compts

G. R. S. App. F. G. 3.

GENERAL AND REVENUE SECRETARIAT.

(*Continuation sheet draft form.*)

GOVERNMENT OF HIS HIGHNESS THE MAHARAJA OF MYSORE.

48

No. A7-1676
RS19-39-35

General and Revenue Secretariat,

*Dated Bangalore* .. 22/20 Septr. ..... 1940.

## NOTIFICATION.

In exercise of the powers vested in them under Section 44 (2)(g) of the Mysore Co-operative Societies Act VII of 1918 as amended from time to time the Government of His Highness the Maharaja of Mysore are pleased to amend as follows Rule 21 of the Rules under the Act in respect of the removal of Officers of Co-operative Societies.

It shall be open to the Registrar to order the removal of any officer of a Co-operative Society if he is satisfied that such officer has acted in any manner contrary to the best interests of the Society.

Provided that (a) the Registrar shall give such officer a full opportunity to explain his conduct; (b) the objection to the continuance of such officer shall be recorded in full and communicated to the Society and the officer concerned; and (c) an appeal shall lie to Government within one month from the date of receipt of such order of the Registrar by the Officer concerned".

By Order,

Sd. J. Appaji Gowda,

General Secretary to Government.

To The Compiler, Mysore Gazette, for publication in Part IV of the Gazette in English and Kannada with the request that 250 copies of such of the notifications be sent to the Registrar of Co-operative Societies and 100 copies each to this office.

K.M.R.12. Memo No. A7-1677 Dated, 23 Septr. 1940.

Copy of the above, is forwarded, with compliments, to the Registrar of Co-operative Societies in Mysore, for information.

By Order,

Dft 20/9/40

For General Secretary to Government.

K.M.R.2.

GOVERNMENT OF HIS HIGHNESS THE MAHARAJA OF MYSORE.

No. A 7676/CS 19-39-35 General and Revenue Secretariat, 49

*Dated Bangalore* ..... 28th ..... *193*
Septr. 40.

NOTIFICATION.

In exercise of the powers vested in them under section 44 (2)(g) of the Mysore Co-operative Societies Act VII of 1918 as amended from time to time the Government of His Highness the Maharaja of Mysore are pleased to amend as follows Rule 21 of the Rules under the Act in respect of the removal of Officers of Co-operative Societies.

"It shall be open to the Registrar to order the removal of any officer of a Co-operative Society if he is satisfied that such officer has acted in any manner contrary to the best interests of the Society.

Provided that (a) the Registrar shall give such officer a full opportunity to explain his conduct; (b) the objection to the continuance of such officer shall be recorded in full and communicated to the Society and the officer concerned; and (c) an appeal shall lie to Government within one month from the date of receipt of such order of the Registrar by the Officer concerned".

By Order,

[signature]
Secretary to Government.

To The Compiler, Mysore Gazette, for publication in Part IV of the Gazette in English and Kannada with the request that 250 copies of each of the notifications be sent to the Registrar of Co-operative Societies and 100 copies each to this office.

R.I.R.12.

Rule as existing

It shall be open to the Registrar to order the removal of any member from the Managing Committee of a Cooperative Society if he is satisfied that such member has acted in any manner contrary to the best interests of the Society

Rule as proposed S/

It shall be open to the Registrar to order the removal of any officer of a cooperative society if he is satisfied that such officer has acted in any matter contrary to the best interests of the Society

Rule with the additions known as the Bangalore city Housing Society

It shall be open to the Registrar to order the removal of any officer of a cooperative society if he is satisfied that such officer has acted in any manner contrary to the best interests of the Society Provided that (a) the Registrar shall give such officer a full opportunity to explain his conduct (b) the objections to the continuance of such officer shall be communicated to the Society and the officer concerned and (c) an appeal shall lie to Government within one month from the date of receipt of such order of the Registrar by the Society or the officer concerned

# NOTIFICATION.

*No. A. F.* 1676—*C. S.* 19-39-35, *dated Bangalore, the* 23*rd September* 1940.

In exercise of the powers vested in them under Section 44 (2) (g) of the Mysore Co-operative Societies Act, VII of 1918 as amended from time to time, the Government of His Highness the Maharaja of Mysore are pleased to amend as follows Rule 21 of the Rules under the Act in respect of the removal of Officers of Co-operative Societies.

"It shall be open to the Registrar to order the removal of any officer of a Co-operative Society if he is satisfied that such officer has acted in any manner contrary to the best interests of the Society :

Provided that (a) the Registrar shall give such officer a full opportunity to explain his conduct : (b) the objection to the continuance of such officer shall be recorded in full and communicated to the Society and the officer concerned ; and (c) an appeal shall lie to Government within one month from the date of receipt of such order of the Registrar by the Officer concerned."

By Order,

J. APPAJI GOWDA,

*Secretary to Government,*

*General Department.*

Printed by the Superintendent at the Government Press, Bangalore.

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Statement containing the views of Co-operative institutions on the proposed Amendment of Rule 21

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The Mysore Co-operative Institute. Bangalore

Proposed rule is not desirable in the interests of the Co-operative movement in the State.

The Graduate Co-operative Society Ltd Mysore.

The amendment is opposed to all the fundamental principles of Co-operation

The Mysore Co-operative Society Ltd Mysore

The existing rule itself is a heavy encroachment on the self sufficiency of the institution In spite of protest that there should be as little official influence as possible, this amendment proposes further interference into the internal administration of the societies seriously affecting the efficiency of management. The proposal is vague and indefinite whether it admits of legal condemn enquiry before removal. It will clear the enthusiasm and initiative of both management and the staff since the amendment introduces a system of dyarchy.

The Mallesvaram Co-operative Bank Ltd Bangalore.

The proposed amendment Endows the Registrar with absolute powers over paid employees, over the head of elected officers and clashes with the duties and responsibilities of such elected Board. It does not provide for previous consultation in writing with the management of the institution thereby tending to militate against the ideals of Co-operative management. Even if the Board fail to remove any of its employees acting contrary to the best interest of the institution the registrar has already powers of suspension. The amendment brings about endless and unnecessary friction between the Department and the managing Committee and frustrates the very object with which the amendment is proposed

The Bangalore City Co-operative Society Ltd. Bangalore

Direct negation of the powers of the general body and the Board of management, in the internal management. A serious inroad on the autonomy of Co-operative institutions Officers looking to the masters in the corner of the directors of their duties. Encourages the officers to play when any

difference between the Board and the Registrar could create serious disagreement and endless friction in the working of the Society. Makes the Officers of the Society practically subordinate to the Registrar & offends against the principle of self-Government with the least amount of official interference. No safeguards are provided against the actions of the Registrar. If the general body and the Board are not given the power to choose its Officers it would be clear case of divided responsibility One can easily imagine the position of the Society being responsible for the pay of the Officer, while the Officer looks to the Registrar for the tenure of his job. This new power creates more harm than good.

## The Cooperative Federal Union Ltd. Mysore.

1) The amendment is silent as from whom the Officer has to be removed (a) from the committee or (b) membership of Society or (c) from the office he then holds or (d) from any office in the Society or (e) from all of them.

2) No rule under section 44 where "other person" is entrusted under it "to give directions, or the business of the Society" and this "other person" can only be an officer appointed by the Registrar under the bye-laws. Whereas there is only one authority the managing Committee - to appoint an officer there will be two authorities to remove them

3) The Registrar + the Committee are not generally ever to eye in all matters. The position of the Officer to satisfy two masters obeying to each other is very unpleasant. and the rule if pressed leads to conflict of duty of the officer and leaving him simultaneously two masters holding opposite views is miserable

4) Under the policy of Govt of non-interference with the internal administration of Societies and not interposing between the paid staff and the Committee. Section 43A does not allow dismissal regarding discipline any action taken by the Society or its Committee against a paid servant of the Society. What the legislature has intentionally avoided the present amendment will be encouraging indirectly. The Registrar is powerless to reinstate an officer removed by the Committee owing to differences between the Committee and the Registrar.

(5) There are sufficient provisions under the Act to punish any office committing any offence under the Act. The proposed rule seems to be in excess to apply

where the action of the officer do not amount to an offence punishable under the law. It is not right to invest the Registrar with such undefined, unqualified and supreme power of dismissing officers chosen and employed not by the Registrar but by others – the general body and the Committee. Registrar has ample powers under Section 38 A. If the important officers feel that they are disloyalty to the different officers the internal discipline and efficiency will deteriorate.

6) At present, even when the Committee is divided into opposing camps the efficiency of the administration has suffered materially. Addition of a third authority – Registrar – with powers of control makes the situation very unsatisfactory. Even the existing rules sometimes leave powers in the hands of the Registrar have made earnest and competent cooperators to withdraw from Committees or avoid seats on them thus limiting the choice of members. Additional powers will limit this choice of Committee members

The Rule which enables the Registrar a virtual dictator of the movement does not stimulate the educated classes to respond adequately for the development of cooperation

The Baroda Central Cooperative Bank Ltd.

The paid Secretary is a person appointed by the Board and liable to be removed by the Board. He is the employee of the Board and is given certain powers by the Board to give directions re the business of society. He thus comes under the provision of the definition "officer" and the Registrar will have power for his removal. Section 43 A(1) does not provide for disputes regarding disciplinary action taken by the Society or Committee against a paid servant. Since of the Society and thus the Board is the only authority competent to dismiss or the proposed rule, he cannot the Secretary is to be dismissed under the proposed rule, he cannot go appeal to the general body as it has no appellate powers over the acting of the Registrar, and he cannot go to Govt in appeal because the orders are not passed under Section 43 A.

In the case of differences of opinion between the Registrar and the Board, the paid Secretary who is to act according to the instructions of the Board appointing him, is liable to dismissal by the Registrar for his (the orders) action being against the wishes of the Registrar. Under such circumstances it is doubtful whether the paid Secretary will be strictly loyal to the Directors appointing him and lack their confidence

The amendment will thus introduce positive interference in the internal administration, deprive the aggrieved party the right of appeal, place the employers in the precarious position of being able to employ a man but unable to give him protection even when they are convinced that their employee is faithfully honestly and diligently discharging the duties, and tends to keep back honest and honourable and loyal workers from participating in the movement which is the people's democratic movement

The Baroda city Cooperative Housing Society Ltd.

The rule, which includes paid officials, will give wide powers to the Registrar to interfere in the internal administration of the Society endangering the very constitution of Cooperative Societies. The existing set and Rules have ample provision for the exercise of the powers of the Registrar and the proposed rule causes needless uneasiness in the minds of honorary workers in the field of Cooperation Therefore I support amendment of the proposed rule so as to give full opportunity to the officer to explain his conduct, (b) that the objections of the Registrar to the continuance of the officer shall be recorded in full and communicated to the person and the officer concerned (c) that an appeal shall lie to Govt within one month from the date of receipt of such order by the Society & the officer concerned.

The Gravis Merchants' Cooperative Bank Ltd.

While the paid Secretary or Manager appointed by the Board is in duty bound to carry out the instructions of the Board, it will be interference into the internal administration of the Society to give power to the Registrar to remove such paid Secretary without reference to the Board which is the appointing authority. The Board must be able to prove an officer must be able to protect its employee so long as they feel that the officer is strictly obeying their orders. The passing of the amendment may keep back honorary workers from associating themselves with the working of the Co-op. Societies and this will be a positive set back to the progress and extension of the Cooperative movement.

No. 9518 C. S.

GOVERNMENT OF MYSORE.

56)
C.S. 19-39-36

DEPARTMENT OF CO-OPERATION

Telegraphic Address
"CO-OPERT"
Bangalore.

OFFICE OF THE REGISTRAR OF CO-OPERATIVE SOCIETIES IN MYSORE,

*Dated Bangalore,* 27th February *194*1.

5178 / 3161

GEN. & REV. SECTT. 3 MAR. 1941 GEN. & REVT BRANCH.

FROM

M. ABDUL HUKH, ESQ., B.A.,
*Registrar of Co-operative Societies in Mysore,*
*BANGALORE.*

OFFICE OF THE SECOND MEMBER OF COUNCIL 12 MAR 1941 No. To 8895

GENERAL SECRETARY. 3 MAR. 1941

J.Appaji Gowda,Esq.,B.A.,(Hons),
General Secretary to the Government
of Mysore, Bangalore.

Sir,

I have the honour to state that the marginally noted resolution passed at the 27th Mysore Provincial Co-operative Conference held at Mysore during October 1940, protesting against the amendment to Rule 21 of the Mysore Co-operative Societies' Rules published under Notification No.A.F.1676/C.S.19-39-35 dated 23rd September 1940. As the amendment came into force with effect from the date of its publication in the Mysore Gazette in the last week of September 1940, it is too early to see how and in what manner it affects the working of co-operative societies adversely. I am therefore of opinion that the resolution is premature and should not be considered.

"17. That this Conference opposes the amendment made by the Government to Standing Rule 21 of the Rules under the Mysore Co-operative Societies' Act."

I have the honour to be,
Sir,
Your most obedient servant,

Registrar.

L.S.25/2.

GENERAL SECRETARY. 12 MAR. 1941

1787

The file relating to the framing of the rule is placed below for perusal. The rule is placed at the file. Instructions for orders whether the Registrar may be informed that Government are unable to accept the resolution. As stated by the Registrar, it is too early to reconsider the matter. No action seems to be necessary on the resolution.

14/3

(for General Secy)
2nd Member.